

1-1 By: Ellis, et al. S.B. No. 961
1-2 (In the Senate - Filed February 19, 2009; March 9, 2009,
1-3 read first time and referred to Committee on State Affairs;
1-4 April 6, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; April 6, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 961 By: Ellis

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the sale of certain annuities.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 102.002, Insurance Code, is amended to
1-13 read as follows:

1-14 Sec. 102.002. QUALIFIED CHARITABLE GIFT ANNUITY. (a) A
1-15 charitable gift annuity is a qualified charitable gift annuity for
1-16 purposes of this chapter if it was issued before September 1, 1995,
1-17 or if it is:

1-18 (1) described by Section 501(m)(5), Internal Revenue
1-19 Code of 1986; and

1-20 (2) issued by a charitable organization that on the
1-21 date of the annuity agreement:

1-22 (A) has, exclusive of the assets funding the
1-23 annuity agreement, a minimum of \$100,000 in unrestricted cash, cash
1-24 equivalents, or publicly traded securities; and

1-25 (B) has been in continuous operation for at least
1-26 three years or is a successor or affiliate of a charitable
1-27 organization that has been in continuous operation for at least
1-28 three years.

1-29 (b) The department may investigate as necessary to verify
1-30 that an organization that issues an annuity meets the criteria
1-31 described by Subsection (a).

1-32 SECTION 2. Subsection (c), Section 102.102, Insurance Code,
1-33 is amended to read as follows:

1-34 (c) The charitable organization may not be required to
1-35 submit additional information except to:

1-36 (1) aid the department in an investigation and
1-37 verification of the organization conducted under Section
1-38 102.002(b); and

1-39 (2) determine appropriate penalties under Section
1-40 102.104.

1-41 SECTION 3. Section 1107.006, Insurance Code, is amended to
1-42 read as follows:

1-43 Sec. 1107.006. MATURITY DATE. [~~(a)~~] In determining the
1-44 value of benefits under Sections 1107.102, 1107.103, and 1107.104,
1-45 [~~and subject to Subsection (b), if an annuity contract permits an~~
1-46 ~~election to have annuity payments begin on optional maturity~~
1-47 ~~dates,] the maturity date is [~~considered to be the latest date on~~
1-48 ~~which an election is permitted by the contract.~~~~

1-49 [~~(b) A maturity date determined under this section may not~~
1-50 ~~be later than] the later of:~~

1-51 (1) the next anniversary of the annuity contract that
1-52 follows the annuitant's 70th birthday; or

1-53 (2) the 10th anniversary of the contract.

1-54 SECTION 4. Subchapter B, Chapter 4005, Insurance Code, is
1-55 amended by adding Section 4005.056 to read as follows:

1-56 Sec. 4005.056. MODIFICATION OF METHOD OF COMPENSATION FOR
1-57 SALE OF ANNUITIES. In addition to any other remedy available, the
1-58 commissioner may order the modification of a method of compensation
1-59 for the sale of an annuity that the commissioner finds, after notice
1-60 and an opportunity for hearing, results in a pattern or practice
1-61 that violates Chapter 1115.

1-62 SECTION 5. This Act applies only to an annuity that is
1-63 delivered, issued for delivery, or renewed on or after January 1,

2-1 2011. An annuity that is delivered, issued for delivery, or renewed
2-2 before January 1, 2011, is governed by the law as it existed
2-3 immediately before the effective date of this Act, and that law is
2-4 continued in effect for that purpose.

2-5 SECTION 6. This Act takes effect September 1, 2009.

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